



News from

Congressman Ron Kind

REPRESENTING WISCONSIN'S THIRD
CONGRESSIONAL DISTRICT

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Reps. Kind, Flake, Crowley & Reichert Introduce the Food & Agriculture Risk Management for the 21st Century Act

***Bold New Farm Bill Proposal will Modernize Farm Safety Net,
Bring Farm Bill Priorities in Line with the Majority of Americans***

Washington, D.C. – U.S. Representatives Ron Kind (D-WI), Jeff Flake (R-AZ), Joe Crowley (D-NY), and David Reichert (R-WA) today announced legislation they will introduce in the House that provides a bold new direction for farm policy. *The Food & Agriculture Risk Management for the 21st Century Act (FARM 21)* will modernize the farm safety net, institute fiscally responsible reforms, and reallocate the savings to programs that will help more farmers and more regions of the country through resource conservation, better nutrition, and renewable energy development.

Under this proposal, the current system of farm subsidies – counter-cyclical, loan deficiency, income loss, and direct payments – would gradually be transitioned to a more cost-effective and responsive system of farmer-held “risk management accounts” (RMAs) and revenue insurance tools.

“Transitioning to farmer-held risk management accounts will help bring our farm programs into compliance with trade agreements and could jump start international negotiations that would open new markets to our farmers,” said Rep. Kind who serves on the House Committee on Ways and Means. “This legislation will provide a more effective safety net and a more sound agriculture policy for farmers, rural communities, and low-income Americans while improving our environment and reducing the deficit.”

Farmers could use RMAs to weather the ups and downs, make investments, and plan for the future. The accounts would streamline what is currently a redundant revenue insurance system consisting of Title I farm subsidies and a federal insurance program that already covers 80 percent of subsidized acres plus additional billions in ad hoc disaster assistance. The accounts would cover the “shallow” losses that are not covered by crop and revenue insurance policies, with withdrawals being permitted when sales fall below 95% of a farmer’s five-year rolling average, which would help stabilize farm income and prevent the need for disaster payments. Accounts also would act like a pension.

This legislation will not only benefit more farmers but will also be cost-effective. The reforms included in the legislation would create a farmer safety net that is estimated to cost nearly \$20 billion less over five years and \$55 billion less over ten years than simply extending the existing farm subsidies.

(more)

“Not only does our federal farm policy hamper free trade, but it’s simply not fiscally sustainable,” said Rep. Flake. “Farm policy is badly in need of reform. This legislation is the first step in putting farm policy on a more trade-friendly and financially responsible path.”

The tremendous cost savings from these reforms would allow investment in other critical fiscal and farm bill priorities including:

- **Debt Relief:** This legislation proposes to reduce the deficit by \$5 billion between 2008 and 2012 and by more than \$20 billion over ten years.
- **Expanding Rural Development Programs:** Farmers would be able to withdraw funds from their accounts to invest in rural enterprises that boost farm income. In addition, this legislation would increase rural development spending by \$700 million over five years.
- **Sharing the Cost of Environmental Improvements:** Spending on conservation programs would be increased by \$6.5 billion over five years, including the expansion of the EQIP program to more than \$2 billion annually and programs to protect millions of wetland, farm, and ranch acres from sprawl.
- **Producing Energy on Farms:** Renewable energy programs and renewable energy research would be increased by at least \$1 billion over five years, including sufficient funds to provide at least \$5 billion in loan guarantees for renewable energy development on farms, ranches, and forest lands.
- **Promoting Healthy Food Choices:** Funding for programs to link farmers with local schools, to establish farmers markets, to provide healthy snacks at thousands of schools, and to promote more consumption of fresh fruits and vegetables would be expanded by \$400 million over five years.
- **Domestic and International Anti-Hunger Programs:** Under this proposal, spending on anti-hunger programs, primarily the Food Stamp Program, would be increased by \$5 billion over five years. In addition, the McGovern-Dole program would receive increased funding of \$1.1 billion over five years, providing for donations of agricultural products for school feeding and nutrition projects in low-income countries.

“Nutrition programs funded through the Farm Bill play a crucial role in urban areas in New York and across the country,” said Rep. Joe Crowley. “The farm bill currently provides virtually no support for efforts to provide Americans with healthier food choices, such as fruits and vegetables. These important reforms will free up dollars to expand nutrition initiatives and access to healthy foods, and to reduce rates of obesity – lowering health care costs for everyone.”

“I am pleased to work with my colleagues to introduce a bill that will change the direction of our nation’s farm policy and reallocate funds to priorities like renewable energy,” said Rep. Dave Reichert. “Rising energy costs impact all Americans, especially farmers. Farmers are eager to help reduce our dependence on foreign sources of energy and could provide a significant share of America’s fuel needs with appropriate investments. Although the ethanol mandates have spurred private investment in corn ethanol refineries, relatively little investment is being made in other bio-fuels, especially cellulosic ethanol.”

“This bill provides millions more annually in research funding to help convert the abundant supply of crop waste, grass and wood waste into a renewable energy source and a new commodity for our farmers, ranchers, and forest landowners – all while reducing the overall cost of the farm bill in a fiscally responsible way. We must move to clean, American made energy and this bill makes a strong investment in agriculture programs that will help us do that,” Rep. Reichert added.

FARM 21: TRANSITIONING TO FARMER-HELD INCOME STABILIZATION ACCOUNTS

- ***Continue Counter-Cyclical Programs*** – Continue “counter-cyclical” payment linked to price targets in 2008 in the Senate proposal and 2008 and 2009 in the House proposal. These will be subject to tight payment caps. Under the House proposal they would also only go to farmers with adjusted gross income of less than \$200,000.
- ***Replace Loan Deficiency Payments with Recourse Loan Program*** – The current program would be replaced with a recourse loan program so that farmers could obtain funds to cover planting costs.
- ***Create Farmer-Held Income Stabilization Accounts*** – Withdrawals would be permitted when sales fall below 95% of a farmer’s five-year rolling average, to make some rural investments, or maintain farm solvency.
- ***Continue Direct Payments, Require Savings*** – Direct payments would decline over time. Farmers would also be eligible for a bonus payment if meeting environmental stewardship criteria on their land. Recipients would be required to place an increasing proportion in the stabilization account.
- ***Remove Planting Restriction*** – The planting restriction that prevents recipients of farm subsidies from planting specialty crops would be lifted. However, future farm payments come with the requirement to place an increasing proportion into the stabilization accounts.
- ***Transition MILC to Dairy Risk Management Accounts*** – Over the next five years, dairy farmers would receive a transition payment equal to a portion of their historic MILC payments as their annual contributions to a dairy risk management account. The proposal also eliminates the \$9.90 price support program.
- ***Eliminate the Sugar Program*** – This legislation would facilitate a domestic sugar price consistent with the world sugar price by ending the federal sugar loan program as well as lifting prohibitive barriers to international sugar imports.